

Cash & Carry Moscow

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You are hired by a local food wholesaler to investigate the market potential of setting up a joint-venture cash & carry food wholesale operation in Moscow, Russia. Your potential joint-venture partner will provide the local contacts and an understanding of the local market (e.g., customs, language, government red tape). The joint-venture, with a “for the common people political agenda,” comprises former economic advisors of the Gorbachev government and academics. The Russian partner, as its financial investment, will purchase an abandoned military distribution facility near the major commercial airport in Moscow. This group will pay US\$3,000,000 for the distribution facility. The local firm is expected to invest a parallel US\$3,000,000 in computer systems, distribution centre operational facilities, and operational systems. The local firm will also bring its marketing expertise to the joint-venture, something the Russian organization lacks.

The local food wholesaler will send you to Moscow for two weeks to gather information. You will be accompanied by another consultant and a translator. Your group will be paid US\$25,000 to cover your consulting fees and all expenses.

Questions:

1. Evaluate the identified situation in terms of the relevant marketing theories and concepts. Be specific.
2. Describe the nature of the market intelligence gathering process that you will carry out to complete this consulting project.
3. How would your market intelligence gathering process differ if you were looking to set up a similar facility where you currently reside?